

## MONTEREY COUNTY ZONING ADMINISTRATOR

<b>Meeting: January 29, 2009 Time: 1:55 P.M.</b>		<b>Agenda Item No. 6</b>	
<b>Project Description:</b> Request to extend a Use Permit for the purpose of continuing exploratory oil and gas drilling activities at a site known as Bradley Minerals Well No. 2-2.			
<b>Project Location:</b> Bradley Minerals Well No. 2-2 is located in southern Monterey County within Section 2 of Township 24 South and Range 10 East, 300 feet north of Jolon Road and approximately 1.5 miles west of State Highway 101.		<b>APN: 424-081-082-000</b>	
<b>Planning File Number: PLN080457</b>		<b>Property Owner:</b> Porter Estate Company/Bradley Ranch, Inc. <b>Applicant:</b> Venoco, Inc.	
<b>Plan Area:</b> South County Area Plan		<b>Flagged and staked:</b> No, only photo simulations provided.	
<b>Zoning Designation:</b> “F/40” and “PG/40” (“Farmland, 40 acres per dwelling unit” and “Permanent Grazing, 40 acres per dwelling unit”).			
<b>CEQA Action:</b> Categorically Exempt per Section 15304, Paragraph (e), and per Title 14, Division 2, Section 1684.2 - Class 4 - of the California Code of Regulations (re: Minor Alterations to Land).			
<b>Department:</b> RMA - Planning Department			

### **RECOMMENDATION:**

Staff is asking that the Zoning Administrator approve the request for a Use Permit extension based on the Recommended Findings and Evidence (Exhibit B) and subject to compliance with the Recommended Conditions of Approval (Exhibit C).

### **PROJECT OVERVIEW:**

Venoco, Inc., is requesting an extension of a Use Permit that was granted on August 9, 2007, by Resolution No. 070173 (PLN070173). Exploratory drilling and testing activities at Bradley Minerals Well No. 2-2 have been undertaken by Venoco over the course of the past year. However, the applicant would like the benefit of additional time in order to determine whether or not the well in question can yield commercial quantities of petroleum and/or natural gas. In the event that commercial resource extraction is deemed feasible, the applicant will submit a new Use Permit application for the purpose of putting the well into production.

### **OTHER AGENCY INVOLVEMENT:**

- ✓ California Department of Forestry (CDF) – South County Fire Protection District
- ✓ Monterey County Public Works Department
- ✓ Monterey County Health Department – Environmental Health Division
- ✓ Monterey County Water Resources Agency

The above checked agencies and departments have been consulted regarding this Use Permit extension request. Conditions of approval from the various reviewing departments and agencies have been included in Exhibit C.

This Use Permit extension request was not referred to the Bradley-Parkfield Land Use Advisory Committee (LUAC) for review. Based on the interim procedural guidelines adopted by the Monterey County Board of Supervisors per Resolution No. 08-338, this application did not warrant

referral to the LUAC because the project does not involve a variance, General Plan or Area Plan amendment, ridgeline/viewshed development, subdivision, slope restrictions or lot line adjustment.

As the drilling pad has already been established and no expansion of the activity area is slated to occur, the continued exploratory drilling operations will result in minor alterations to land (Class 4 activities per CEQA) and, therefore, the project has been found to be categorically exempt from the requirement for the preparation of environmental documents under Article 19, Section 15304 of CEQA and Section 21084 of the California Public Resources Code. However, should discovery of oil and/or natural gas subsequently lead to full-scale commercial production, the project will be referred to the Bradley-Parkfield LUAC and will undergo full CEQA review in the context of a new Use Permit application.

Note: The decision of the Zoning Administrator regarding this project can be appealed to the Planning Commission.

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Guy A. Moussalli, Associate Planner  
(831) 784-5736, moussallig@co.monterey.ca.us  
January 27, 2008

cc: Front Counter; Zoning Administrator; South County Fire Protection District; Public Works Department; Environmental Health Division; Water Resources Agency; Jacqueline R. Onciano, Planning Services Manager; Guy Moussalli, Project Planner; Carol Allen, Senior Secretary; James O. Carton, Porter Estate Company/Bradley Minerals, Inc. (Property Owner); Bruce Carter, Venoco, Inc. (Applicant); Robert A. Booher (Consultant); Planning File No. PLN080457.

Attachments: Exhibit A      Project Discussion  
                  Exhibit B      Recommended Findings and Evidence  
                  Exhibit C      Recommended Conditions of Approval  
                  Exhibit D      Site/Grading Plan  
                  Exhibit E      Vicinity Map

This report was reviewed by Jacqueline R. Onciano, Planning Services Manager.

## EXHIBIT A PROJECT DISCUSSION

**Background Information:** Under this permit extension request (PLN080457), the scope of the project – exploratory drilling by Venoco, Inc., in search of commercial quantities of petroleum and/or natural gas – and the drilling location – Bradley Minerals Well No. 2-2 – remain the same as under the initial Use Permit (PLN070173) granted by the Zoning Administrator on August 9, 2007.

Condition No. 5 of Resolution No. 070173 stipulated that the applicant can request that the Use Permit granted on August 9, 2007, be extended, albeit for a period not to exceed six (6) months. Title 21 (Zoning Ordinance for Inland Areas) authorizes the extension of Use Permits (Chapter 21.74 – Section 21.74.110), provided a written request has been made by the applicant at least thirty days prior to the expiration of the use permit and subject to a duly noticed public hearing. Both of those provisions have been met: a request for extension was received in early October 2008 prior to the expiration of the use permit at the end of the same month, and the item has been scheduled for consideration by the Zoning Administrator at a duly noticed public hearing to be held on January 29, 2009.

Robert A. Booher, the consultant retained by Venoco, Inc., stated that an extension is being sought because additional time is needed to further test Bradley Minerals Well No. 2-2 beyond the one-year period originally granted by the Zoning Administrator for the permit approved in 2007. This extension is needed in order to determine whether or not the well would be suitable for commercial production; no new site preparation and construction, nor any new drilling activities at another well on the same property, will be conducted at the site.

The applicant is requesting that the Use Permit be extended for an additional year instead of the six-month maximum that was stipulated under the above. If no commercial quantities of oil and/or gas are determined to exist, Bradley Minerals Well No. 2-2 will be plugged, capped and abandoned and the site will be restored to its natural condition by the applicant.

**Well History:** Bradley Minerals Well No. 2-2, as it is currently known, first underwent exploratory drilling by a company named Sohio in 1985. The well was abandoned by Sohio in 1986 and subsequently remained dormant until 2004 when Trio Petroleum acquired a use permit (PLN040283) to conduct exploratory drilling on what became known as the Bradley Minerals Well No. 1-2. Drilling went on from 2004 to 2005 with inconclusive results. Venoco's involvement began with a use permit for exploratory re-drilling of the same well, now known as Bradley Minerals Well No. 2-2, which was granted on August 9, 2007 (PLN070173); Venoco is now seeking a one-year extension of that use permit.

According to Jim Carnahan of the California Division of Oil, Gas and Geothermal Resources, an exploratory well needs to have demonstrated a continuous level of production for a period of six consecutive months in order to become a discovery well, which then sets the stage for commercial extraction. According to Mr. Carnahan, the Bradley Minerals Well No. 2-2 has not yet demonstrated levels of production typical of those of a discovery well. However, he is of the opinion that Venoco should be able to determine whether or not the well is capable of producing commercial quantities of oil and/or gas by pursuing exploratory drilling for an additional year.

**EXHIBIT B**  
**RECOMMENDED FINDINGS AND EVIDENCE**

**1. FINDING: CONSISTENCY -** A Use Permit extension is being requested under PLN080457 in order to continue exploratory drilling for an additional year at Bradley Minerals Well No. 2-2. The project is consistent with the 1982 General Plan, including Goal 2, Objective 2.1, Policy 2.1.1 and Objective 2.3, Policy 2.3.2. The South County Area Plan identifies the very productive oil fields located on both sides of Highway 101 south of the town of San Ardo, and although this project is not located within the boundaries of the San Ardo fields, it is in close enough proximity to them. Title 21, Monterey County's Zoning Ordinance for Inland Areas, allows for the exploration and removal of oil and gas with a Use Permit on property designated "Permanent Grazing" ("PG/40"). The subject property is in compliance with all rules and regulations pertaining to the use of the property; no violations exist on the property and all zoning abatement costs, if any, have been paid.

**EVIDENCE:** a) Planning Department staff has reviewed the project for conformity with the Zoning Ordinance (Title 21). The project is consistent with the South County Area Plan, which calls for mineral extraction to take place in the general vicinity of the project, near the town of San Ardo (Figure 9, "South County Planning Area Land use Plan").

b) The use, which is an exploratory oil well, is consistent with Section 21.34.050.Y, "Permanent Grazing" (PG/40) zoning district, which allows this use upon the granting of a conditional Use Permit.

c) The proposed 45,000 square foot area contains equipment for a portable drilling rig capable of drilling until a target depth is reached. Surface casing has been set, cemented, and blowout prevention equipment installed at the wellhead and tested.

d) All down hole well operations are being regulated by the State of California, Department of Conservation, Division of Oil, Gas, and Geothermal Resources to protect ground water. Well casing is designed to protect fresh water zones.

e) Oil and gas rights were granted to Bradley Minerals, Inc., which has a joint venture with Venoco, Inc., to operate the exploratory well. The joint venture agreement with Venoco, Inc., was executed on October 25, 2005.

**2. FINDING: SITE SUITABILITY -** The site is suitable for the use proposed.

**EVIDENCE:** a) As provided as evidence for Finding No. 3 below, the project has been reviewed for site suitability by various local and state agencies. For the Use Permit requested in 2004 by Trio Petroleum for exploratory oil drilling at the same site (PLN040283), the California Department of Forestry – South County Fire Protection District had required the applicant to provide a 10,000-gallon water supply solely for fire protection purposes. For the subsequent Use Permit application by Venoco in 2007 (PLN070173), the South County Fire Protection District held the final for fire approval prior to granting occupancy of a travel trailer by the company representative, before the commencement of the drilling operation. The applicant agreed to

- provide a fire tank filled with several thousand gallons of water, situated on or very near the drilling location.
- b) Venoco, Inc., is subject to the guidelines, supervision and approval of the State of California Division of Oil, Gas and Geothermal Resources, such as meeting a requirement to truck out of the area any oil and wastewater for disposal at an authorized property or re-injected into the producing formation. The County's Environmental Health Division will be overseeing the regulations for hazardous waste control and hazardous materials handling at the site, pursuant to Titles 19 and 22 of the California Code of Regulations and the California Health and Safety Code.
  - c) For the initial Use Permit application (PLN070173), technical reports were provided by consultant Robert A. Booher who conducted a biological assessment in June of 2007. (Source: Biological Assessment, Venoco, Inc., Bradley Minerals # 2-2 Exploratory Oil and Natural Gas Well Project, Monterey County, California). This follows a general biological assessment conducted by Sierra Delta Corporation (SDC) on July 28, 2004, and a San Joaquin Kit Fox and Burrowing Owl survey for the Porter Estate well site on October 19, 2004. All reports found that those two species have a potential to occur on or near the project site. During biological surveys conducted at the site, neither species were encountered or observed nor were signs of their presence encountered or observed on the project site. Based on those surveys, neither species is expected to occur on or near the project site and no significant impacts to either species are to be expected. However, because of the potential that one or both special-status species as well as other plant and animal species identified in the Biological Assessment could be found at or near the site, a condition of approval was added that calls for special mitigation measures to be undertaken should such an eventuality present itself (Condition No. 6).
  - d) Included in the biological assessment were surveys of the site's vegetation. Annual grassland is the distinct vegetation community that has been identified, composed of slender wild oats, Brome grasses, Filaree and Telegraph Weed. Rodents and many game and non-game wildlife inhabit this grassland. The temporary exploratory well is located in the middle of this annual grass rangeland, which the applicant will need to restore to its original condition once the extended permit expires, in the event no commercial quantities of oil and/or gas are found at the site (Condition No. 4).
  - e) An erosion control plan has been prepared that provides operation procedures and best management practices to prevent sediment and other pollutants from entering local drainage systems and water bodies and protect all exposed earth surfaces from erosive forces. Continued daily inspections as part of the regular operations shall ensure that the specified procedures and best management practices outlined in the erosion control plan are in place and satisfactorily maintained.
  - f) It is expected that, through an arrangement with the surface landowner, access to the site will continue over an existing dirt road traversing grazing land.

- g) While the project has the potential to be visible from Highway 101, the extended short-term exploratory well use should not constitute an aesthetic issue unless commercial quantities of oil and natural gas are found and subsequently extracted. In the latter case, the applicant will need to apply to the County of Monterey for a Use Permit that will require mitigation for any environmental impacts, including aesthetic or scenic impacts.
- h) According to the applicant, employees living temporarily on site will be in a self-contained mobile trailer.

3. **FINDING: CEQA (Exempt) -** It is expected that the extended exploratory oil drilling will not have a significant environmental impact.

**EVIDENCE:** Section 15304 (e) of the state’s CEQA Guidelines categorically exempts the proposed activity from environmental review, due to it being considered a “minor alteration to land”. It is also expected that no new or unforeseen environmental impacts would occur because the Bradley Minerals Well No. 2-2 has been in existence in one form or another since 1985 and this application is for a continuation of a previously permitted use.

4. **FINDING: NO VIOLATIONS -** The subject property is in compliance with all rules and regulations pertaining to zoning uses and any other applicable provisions of the County’s Zoning Ordinance (Title 21). No violations resulting from Venoco’s Use Permit (PLN070173) presently exist on the property.

**EVIDENCE:** Staff reviewed Monterey County records and is not aware of any violations existing on subject property. A site inspection conducted by David Lutes on November 11, 2007, revealed the existence of three self-contained travel trailers occupied by Venoco employees that, at the time, appeared to be in violation of trailer regulations. However, according to Bruce Carter of Venoco, all those trailers have since been removed from the site; the only one remaining is the office trailer permitted under the original Use Permit (PLN070173).

5. **FINDING: HEALTH AND SAFETY -** It is expected that the continued operation of the exploratory well will not be detrimental to the health, safety, peace, morals, comfort and general welfare of persons residing or working in the neighborhood of such proposed use, or be detrimental or injurious to property and improvements in the neighborhood, or to the general welfare of the County of Monterey.

**EVIDENCE:** The project was reviewed by Monterey County’s Public Works Department, Water Resources Agency and Environmental Health Division and the California Department of Forestry – South County Fire Protection District. Three conditions of approval were recommended by the Environmental Health Division to ensure that the project will not have adverse environmental impacts and to protect the health, safety and welfare of persons either residing or working in the general area.

6. **FINDING: APPEALABILITY –** The decision on this project can be appealed to the Planning Commission.

**EVIDENCE:** Section 21.80.040 of the Monterey County Zoning Ordinance, Title 21.

<b>EXHIBIT C</b>  <b>Planning Department</b> <b>Condition Compliance &amp; Mitigation Monitoring and/or</b> <b>Reporting Plan</b>	<b>Project Name: <u>Venoco, Inc./Bradley Minerals, Inc.</u></b>  <b>File No.: <u>PLN080457</u></b> <b>APN: <u>424-081-082-000</u></b>  <b>Approval by: <u>Zoning Administrator</u></b> <b>Date: <u>January 29, 2009</u></b>
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*\*Monitoring or Reporting refers to projects with an EIR or adopted Mitigated Negative Declaration per Section 21081.6 of the Public Resources Code.*

<i>Permit Cond. Number</i>	<i>Mitig. Number</i>	<i>Conditions of Approval and/or Mitigation Measures and Responsible Land Use Department</i>	<i>Compliance or Monitoring Actions to be performed. Where applicable, a certified professional is required for action to be accepted.</i>	<i>Responsible Party for Compliance</i>	<i>Timing</i>	<i>Verification of Compliance (name/date)</i>
1.		<p><b>PD001 – SPECIFIC USES ONLY</b></p> <p>The subject Use Permit for which an extension is being sought consists of the continuation of exploratory oil and/or natural gas drilling at Bradley Minerals Well No. 2-2 with a portable drilling rig capable of drilling to a depth of 11,000 feet. The portion of the property being used for the portable drilling rig is in Section 2 of Township 24 South and Range 10 East (Assessor’s Parcel Number 424-081-082), approximately 300 feet north of Jolon Road and approximately 1.5 miles west of the intersection of Highway 101 and Jolon road in the South County Planning Area.</p> <p>The initial Use Permit was approved by Resolution No. 070173, in accordance with County ordinances and land use regulations and subject to the following terms and conditions. Neither the uses nor the construction allowed by this permit extension shall continue unless and until all of the conditions are met to the satisfaction of the Director of Planning. Any use or construction not in substantial conformance with the terms and conditions of this permit is a violation of County regulations and may result in modification or revocation of this permit and subsequent legal action. No use or construction other than that specified by this permit is allowed unless additional permits are approved by the appropriate authorities. <b>(RMA-Planning Department)</b></p>	Adhere to conditions and uses specified in the permit.	Owner/ Applicant	Ongoing unless otherwise stated	

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2.		<b>PD002 – NOTICE - PERMIT APPROVAL</b> The applicant shall record a notice that states: "A permit extension (Resolution No. 080457) was approved by the Zoning Administrator for Assessor's Parcel Number 424-081-082 on January 29, 2009. The Use Permit extension was granted subject to <b>10</b> conditions of approval that run with the land. A copy of the permit extension is on file with the Monterey County Planning Department." Proof of recordation of this notice shall be furnished to the Director of Planning prior to issuance of building permits or commencement of the use. <b>(RMA-Planning Department)</b>	Proof of recordation of this notice shall be furnished to the Planning Department.	Owner/ Applicant	Prior to start of use.	
3.		<b>PDSP001 – NON-STANDARD CONDITION</b> A subsequent Use Permit will be required to convert the temporary well to a full production well meeting the guidelines of the California Division of Oil, Gas & Geothermal Resources for oil/gas drilling. Any commercial extraction would need to undergo full CEQA review and analysis. <b>(RMA-Planning Department)</b>	Quantity of oil and/or gas found at well site shall be furnished to the California Division of Oil, Gas & Geothermal Resources and to the RMA-Planning Department. A new Use Permit shall be applied for in the event commercial quantities of oil and/or gas are found.	Owner/ Applicant	Prior to expiration of extended temporary Use Permit.	
4.		<b>PDSP002 – NON-STANDARD CONDITION</b> The site shall be restored to its pre-development condition as a grassland should no commercial quantities of oil and gas are found that would entail a more permanent oil/gas drilling presence at the site. <b>(RMA-Planning Department)</b>	Quantity of oil and/or gas found at well site shall be furnished to the RMA-Planning Department. Site shall be restored prior to expiration of extended Use Permit, if no subsequent Use Permit is applied for.	Owner/ Applicant	Prior to expiration of Use Permit or application for new Use Permit.	
5.		<b>PDSP003 – NON-STANDARD CONDITION</b> A maximum one-year extension is being granted to the applicant with the understanding that, upon expiration, no further requests for additional exploratory drilling permits shall be considered for Bradley Minerals Well No. 2-2. This is due to the length of time the well has been put to such exploratory use and per opinion from the California	No further extension of the Use Permit is permitted for continued exploratory drilling at Bradley Minerals Well No. 2-2.	Owner/ Applicant		



<i>Permit Cond. Number</i>	<i>Mitig. Number</i>	<i>Conditions of Approval and/or Mitigation Measures and Responsible Land Use Department</i>	<i>Compliance or Monitoring Actions to be performed. Where applicable, a certified professional is required for action to be accepted.</i>	<i>Responsible Party for Compliance</i>	<i>Timing</i>	<i>Verification of Compliance (name/date)</i>
		Division of Oil, Gas & Geothermal Resources that one additional year would give ample and sufficient time to Venoco to determine whether or not Bradley Minerals Well No. 2-2 contain commercial quantities of petroleum and/or natural gas. <b>(RMA-Planning Department)</b>				
6.		<b>PDSP004 – NON-STANDARD CONDITION</b> If, in the course of extended exploratory drilling, any protected special-status plant and animal species identified in the Biological Assessment Report are encountered, a qualified biologist shall be contacted in order to delineate exclusion zones and buffer areas to avoid any negative impacts. Species that are found in the way of drilling activities shall be relocated by the qualified biologist. Applicant will follow the management practices recommended for implementation in the Biological Assessment Report to protect common and sensitive plant and wildlife resources from any potential impacts. <b>(RMA - Planning Department)</b>	Adhere to management practices and recommendations outlined in biological report.	Owner/ Applicant	Ongoing	
7.		<b>PD010 – EROSION CONTROL PLAN AND SCHEDULE</b> Operation procedures and best management practices outlined in the Erosion Control Plan shall prevent sediment and other pollutants from entering local drainage systems and water bodies and protect all exposed earth surfaces from erosive forces. <b>(RMA - Planning Department and RMA - Building Services Department)</b>	Daily inspections by the applicant as part of the regular exploratory drilling operations shall ensure that the specified procedures and best management practices are in place and are satisfactorily maintained.	Owner/ Applicant	Ongoing	

<i>Permit Cond. Number</i>	<i>Mitig. Number</i>	<i>Conditions of Approval and/or Mitigation Measures and Responsible Land Use Department</i>	<i>Compliance or Monitoring Actions to be performed. Where applicable, a certified professional is required for action to be accepted.</i>	<i>Responsible Party for Compliance</i>	<i>Timing</i>	<i>Verification of Compliance (name/date)</i>
<b>ENVIRONMENTAL HEALTH DIVISION CONDITIONS OF APPROVAL</b>						
8.		<b>EHSP01 – HAZARDOUS MATERIALS - SPILL PREVENTION CONTROL</b> <b>COUNTERMEASURE PLAN:</b> Above ground storage tanks for petroleum products (i.e., diesel, oil and gasoline) with greater than 1,320 gallons of capacity, or for cumulative storage of more than 1,320 gallons, shall meet the standards as found in the California Health and Safety Code, Section 25270 et seq., and of the Code of Federal Regulations, Part 112 (commencing with Section 112.1) of Subchapter D of Chapter 1 of Title 40. <b>(Environmental Health)</b>	Submit a Spill Prevention Control Countermeasure (SPCC) Plan to Hazardous Materials Management Services of the Environmental Health Division for review and approval.  Once approved, the applicant shall maintain an up-to-date SPCC Plan.	Owner/ Applicant	Prior to commencement of operations.	
9.		<b>EHSP02 – HAZARDOUS MATERIALS BUSINESS RESPONSE PLAN:</b> The applicant shall maintain an up-to-date Business Response Plan that meets the standards found in the California Code of Regulations, Title 19, Division 2, Chapter 4 (Hazardous Material Release Reporting, Inventory, and Response Plans) and the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Material Release Response Plans and Inventory). <b>(Environmental Health)</b>	Submit a signed <u>Business Response Plan – Memorandum of Understanding</u> (form available from EHD) that specifies an approved Business Response Plan must be on file with Hazardous Materials Management Services of Environmental Health prior to bringing hazardous materials on site and/or commencement of operation.  Once approved, the applicant shall maintain an up-to date Business Response Plan.	Owner/ Applicant	Prior to commencement of operations.  Continuous	
10.		<b>EHSP03 - HAZARDOUS WASTE CONTROL</b>  The facility shall comply with the California Code of Regulations, Title 22, Division 4.5, and the California Health and Safety Code, Chapter 6.50, for the proper handling, storage and disposal of hazardous waste as approved by the Environmental Health Division (EHD). <b>(Environmental Health)</b>	Register the facility with Hazardous Materials Management Services of EHD.  Maintain the Hazardous Materials permit and comply with all permit conditions.	Owner/ Applicant	Prior to commencement of operations.  Continuous	